



# **BUYING GUIDE** **JAPAN** **PROPERTIES**

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**Overseas Investor Playbook**

## ABOUT ORANGETEE INTERNATIONAL PROPERTY BUYING GUIDE

■ This comprehensive guide highlights the benefits of overseas property investment and offers a step-by-step process for buying properties in other countries.

■ It also outlines the relevant costs and legal requirements for foreign buyers, helping you make well-informed decisions based on your financial situation and goals.



# 01

# BUYING AN OVERSEAS PROPERTY



## STEPS TO PURCHASE AN OVERSEAS PROPERTY

### 1. IDENTIFY YOUR INTENTIONS OF OVERSEAS INVESTING

Understand the benefits of property investment in different countries. Learn about the costs and regulations for purchasing an overseas property.

### 2. SPEAK TO AN AGENT

Explore a range of overseas projects from OrangeTee agents. Arrange a consultation with the agent to shortlist your preferred projects.

### 3. RESERVE YOUR UNIT

Reserve your unit by paying a booking fee. Consult our agents for a list of recommended financial institutions if you intend to take a mortgage loan.

### 4. COMPLETE YOUR SALE TRANSACTION

Appoint a lawyer to assist in finalizing the Sales & Purchase Agreement and the payment of all initial costs, including the down payment, legal costs, stamp duty, and other costs relevant to the country's regulations. Our agents can also provide a list of recommended lawyers to aid the process. Secure your mortgage loan with the financial institution of your choice.

### 5. APPOINT YOUR LEASING AND /OR MANAGING AGENT

Consult our agents for a list of recommended leasing and/or managing agents if you intend to lease out your property.

## 02

# INVESTMENT POTENTIAL OF JAPANESE PROPERTIES

## ALLURE OF JAPANESE PROPERTIES

With its unique low-interest rate policy and strategic government fiscal interventions, Japan is poised for continued economic stability and growth. This would bolster housing demand, driving significant capital and rental appreciation across Japanese properties.

High-rise developments in highly urbanised areas like Tokyo and Osaka are well-suited to generate consistent rental income as they are typically located near business hubs, essential amenities and public transport, and ideally serve as accommodations for expatriates. Future revitalization plans in these areas are expected to ensure high occupancy rates, providing a reliable stream of rental income.



## HISTORICAL GAINS FOR JAPANESE PROPERTIES



### JAPAN

Investment Returns\*: 67.5%

Rental Yield\*: 16.4%

\*Q3 2016 - Q3 2025



### TOKYO

Investment Returns: 69.2%

Rental Yield\*\*: 11.6%

\*\*Only Metropolitan area



### OSAKA

Investment Returns: 63.7%

Rental Yield: 10.9%

Investment returns include apartments in the suburban areas.

Rental yield values are based on Average rents.

Source: MLIT, ARES



# 03

## PURCHASE REQUIREMENTS AND PROCEDURE





## WHO IS ELIGIBLE TO BUY

### SINGAPOREANS CAN BUY A JAPANESE PROPERTY IF THEY MEET THE FOLLOWING REQUIREMENTS:



They must fulfil the Minimum Occupation Period if owning a HDB flat before investing in an overseas property.



They cannot purchase a Japanese condominium if they are located on agricultural land or forest without official permission.



They cannot purchase a Japanese condominium if they are located near sensitive sites such as military installations.



They cannot purchase a Japanese condominium if they contain by-laws that restricts foreign buyers from purchasing them.



## PURCHASING PROCEDURE

### STEP 1

Schedule a consultation with OrangeTee agents to shortlist your preferred projects and enjoy virtual viewings with our local partner, Tokyu Livable.

### STEP 4

Complete your sale transaction 1-2 weeks before the completion of the unit with the assistance of a judicial scrivener by signing and sealing the power of attorney, as well as registering for transfer of ownership. Meanwhile, you will be required to prepare payment of the remaining 90% of the purchase price, which is due on the completion day.

### STEP 2

Express your interest to purchase a unit by making a written offer to the seller. Our agents and local partner will assist you in completing the necessary forms.

### STEP 5

Congratulations! You may collect the keys to your new home once the development is completed and the Temporary Occupation Permit (TOP) is obtained!

You may also consult our local partner for a list of recommended leasing and/or managing agents if you intend to lease out your property.

### STEP 3

Review and sign the Sales & Purchase Agreement with the assistance of a licensed realtor from our local partner. At this stage, you will be required to pay a deposit of 10% of the agreed purchase price to the seller via an escrow account on an agreement date.

# 04

## INVESTMENT COSTS



## 1. PURCHASE COSTS

When a buyer expresses his/her interest to purchase a Japanese property, he/she will need to prepare for the following costs:

### DOWN PAYMENT

**10% of the purchase price** upon signing the Sale and Purchase agreement.

### REVENUE STAMP FEE (STAMP DUTY)

A tax imposed on essential documents such as the Sale & Purchase Agreement.

Property Value	Stamp Duty Amount
¥10,000,001 to ¥50,000,000	¥20,000
¥50,000,001 to ¥100,000,000	¥60,000
¥100,000,001 to ¥500,000,000	¥100,000

### BROKERAGE FEE

A commission paid to a real estate agent to facilitate a sale.

### REGISTRATION AND LICENSE TAX

A tax imposed for the transfer of ownership to the buyer upon the completion of the new property. This applies to both the property and the mortgage.

### JUDICIAL SCRIVENER FEES (LEGAL FEES)

Fees paid to an appointed solicitor for ensuring that the sales agreement is free of disputes and legally completed.

### REAL ESTATE ACQUISITION TAX

A tax imposed for the acquisition of a property upon purchase. It is **3% of the assessed value of the property**.



## 2. HOLDING COSTS

Once the buyer has settled all purchase costs to the developer, he/she will be subjected to holding costs, which include:



### MORTGAGE

A form of housing loan that could be taken by a new property buyer to pay the bulk of the unit. The eligibility of a home loan typically depends on his/her **credit score, age, residency status, and proof of employment**.



### FIXED ASSET TAX

A form of property tax to be paid by owners of fixed assets (i.e. land, buildings) on 1st January every year. It is **1.7% of the property value (together with the city planning tax)**.



### CITY PLANNING TAX

A form of property tax imposed on owners of urban development projects, that is to be paid on 1st January every year. It is **1.7% of the property value (together with the city planning tax)**.



### 3. LETTING / MANAGEMENT COSTS

If the buyer lets his/her property, he/she will be subjected to the following costs:

#### INCOME TAX

A tax incurred on the taxable rental income (Revenue - expenses - capital gain tax) earned by the property owner. The income tax rate depends on the **taxable income**.

Taxable income	Income tax rate
¥1,000 to ¥1,950,000	5%
¥1,950,001 to ¥3,300,000	10%
¥3,300,001 to ¥6,500,000	20%
¥6,500,001 to ¥9,000,000	23%
¥9,000,001 to ¥18,000,000	33%
¥18,000,001 to ¥40,000,000	40%
More than ¥40,000,000	45%

#### WITHHOLDING TAX

A tax incurred on the buyer's tenant who is either a corporate entity or renting a property that does not belong to a relative. This is paid on a monthly basis. It is **20.42% of the monthly rent**.



### 3. LETTING / MANAGEMENT COSTS

If the buyer lets his/her property, he/she will be subjected to the following costs by the management, depending on the type of leasing arrangement:



#### GUARANTEED RENTAL

A leasing arrangement in which a rental amount is agreed upon between the property owner and the management prior to leasing the unit to a tenant. Under this arrangement, the property owner continues to receive rental income regardless of whether the unit is occupied.



#### NON-GUARANTEED RENTAL

A leasing arrangement in which the property owner receives rental income only when the unit is occupied by a tenant who agrees to the owner's tenancy terms and conditions. No compensation is provided by the management when the unit is vacant.

Type of fee	If Guaranteed Rental	If Non-Guaranteed Rental
Management	18% of Contract Rent	5% or 8% of Contract Rent
Letting	NA	1 Month rent upon leasing (including consumption taxes)



## 4. DISPOSAL COSTS

If the property owner has the intention of selling his/her property, he/she may be subjected to the following disposal costs:

### CAPITAL GAINS TAX

A tax incurred on the property owner, should they make a profit from the sale.

Disposal year	Tax rate on profit gain
5 years or less	30.6%
Beyond 5 years	15.3%

### INHERITANCE TAX

A tax incurred on the beneficiaries of a property upon the death of the property owner (including non-resident owners).

Amount received	Inheritance tax rate
¥10 million or less	10%
¥30 million or less	15%
¥50 million or less	20%
¥100 million or less	30%
¥200 million or less	40%
¥300 million or less	45%
¥600 million or less	50%
More than ¥600 million	55%





FOR THE PLEASURE OF  
HOME OWNERSHIP,  
PLEASE CONTACT  
YOUR PREFERRED  
**ORANGETEE INTERNATIONAL**  
**SALES ADVISOR.**

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